

Internal Revenue Service

Department of the Treasury

District
Director

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

AUG 25 1992

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

The information submitted shows that you were formed under Articles of Incorporation in the State of . The general purposes indicated were to provide a vehicle for mutual problem solving and information exchange among users; provide a conduit for information flow between and users and encourage and enhance the use of in the professional video industry.

Membership in the organization is comprised of organizations which own and associated peripherals and organizations which lease or rent and associated peripherals - Member Affiliates are all organizations that support the format or provide goods and/or service to support format. Member affiliates are entitled to the same privileges as members except voting and holding elective office.

Your activities include the publication and distribution of a newsletter to provide format information and data on technical subjects as well as solicit input from the membership on support and technical problems. You will also have used equipment referral and project data.

A 1-800 phone and FAX line are provided to respond to requests for format information, user location, service centers etc. and to relay technical information to users.

You will plan and manage a twice yearly user's day to allow users to discuss technical issues of the format. You will also plan and manage trade show booth participation at industry trade shows to transfer knowledge among users and the industry about the format.

[REDACTED]

Your income is derived from funding from [REDACTED] and membership fees.

Your expenditures include costs for publication/distribution of your newsletter, promotion, lease of space, reimbursement of shared services with [REDACTED] and other administrative costs.

Section 501(c)(6) of the Internal Revenue Code provides exemption for business leagues, chambers of commerce, real estate boards, and professional football leagues (whether or not administering a pension fund for football players), which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations states that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. Its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

Revenue Ruling 83-164, found in Cumulative Bulletin 1983-2, on page 95 held that an organization which directed its activities to users of computers made by one manufacturer was not directing its activities towards the improvement of business conditions in one or more lines of business within the meaning of section 1.501(c)(6)-1 of the regulations.

In National Mufflers Dealers Association v. United States 472 (1979), the court held that an association of a particular brand name of muffler dealers does not qualify for exemption under section 501(c)(6) because the association is not engaged in the improvement of business conditions for a line of business.

Based on the information submitted by you and the information contained in the Code, Regulations, Revenue Ruling and court case cited above it is concluded that your organization represents only one segment, one manufacturer of a line of business. Your organization does not represent a line of business. Consequently, it has been determined that you do not qualify for tax exempt status under section 501(c)(6) of the Internal Revenue Code.

[REDACTED]

You are required to file federal income tax returns of Form 1120. If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days from the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosure: Publication 892